

MT LEGISLATIVE HISTORY

Year c. 406, 1985

Bill # SB 450 Original bill & hist. ✓ C

H. Committee on Bus. Labor

S. Committee on Bus. Industry

Hearing Date(s) _____ C
 _____ C
3/21 ✓ C
 _____ C

Hearing Date(s) _____ C
 _____ C
2/22 ✓ C
 _____ C

Date Out 3/21 ✓ C

Date Out 2/22 ✓ C

Did this bill originate in an interim committee? ___ Yes ___ No

Committee _____

Minutes

Report

- SENATE FINAL STATUS

CREATES CRIME OF DOMESTIC ABUSE; REQUIRES ARREST FOR ITS VIOLATION

2/19	INTRODUCED		
2/19	REFERRED TO JUDICIARY		
2/22	HEARING		
2/23	COMMITTEE REPORT-BILL PASS AS AMENDED		
2/26	2ND READING PASS AS AMENDED	49	0
2/27	3RD READING PASS	50	0

	TRANSMITTED TO HOUSE		
3/06	REFERRED TO JUDICIARY		
3/21	HEARING		
3/28	COMM REPORT-BILL CONCURRED AS AMENDED		
4/03	2ND READING CONCURRED AS AMENDED	91	7
4/05	3RD READING CONCURRED	88	6

	RETURNED TO SENATE WITH AMENDMENTS		
4/13	ON MOTION RULES SUSPENDED		
	TO ACCEPT TO CONSIDER HOUSE AMENDMENTS		
4/17	2ND READING AMENDMENTS NOT CONCURRED	40	0
4/19	CONFERENCE COMMITTEE APPOINTED		
4/22	CONFERENCE COMMITTEE DISSOLVED		
4/22	FREE CONFERENCE COMMITTEE APPOINTED		
4/24	FREE CONFERENCE COMMITTEE REPORT		

	SENATE		
4/24	2ND READING FREE CONFERENCE COMMITTEE		
	REPORT ADOPTED	47	0
4/24	3RD READING FREE CONFERENCE COMMITTEE		
	REPORT ADOPTED	48	2
4/24	FREE CONFERENCE COMMITTEE DISSOLVED		
4/24	NEW FREE CONFERENCE COMMITTEE		
	APPOINTED		
4/24	NEW FREE CONFERENCE COMMITTEE REPORT		

	SENATE		
4/25	2ND READING NEW FREE CONFERENCE		
	COMMITTEE REPORT ADOPTED	50	0
4/25	3RD READING NEW FREE CONFERENCE		
	COMMITTEE REPORT ADOPTED	46	3

	HOUSE		
4/24	2ND READING NEW FREE CONFERENCE		
	COMMITTEE REPORT ADOPTED	52	39
4/25	3RD READING NEW FREE CONFERENCE		
	COMMITTEE REPORT ADOPTED	77	21
5/01	SIGNED BY PRESIDENT		
5/02	SIGNED BY SPEAKER		

5/02	TRANSMITTED TO GOVERNOR		
5/09	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 700	EFFECTIVE DATE:	7/01/85

SB 450 INTRODUCED BY CHRISTIAENS, NORMAN, ET AL.
CONSUMER LOAN LICENSEES INCLUDED AS REGULATED
LENDERS

2/19	INTRODUCED
2/20	REFERRED TO BUSINESS & INDUSTRY

SENATE FINAL STATUS

2/22	HEARING		
2/22	COMMITTEE REPORT-BILL PASS AS AMENDED		
2/26	2ND READING PASS	46	3
2/27	3RD READING PASS	47	3
	TRANSMITTED TO HOUSE		
3/06	REFERRED TO BUSINESS & LABOR		
3/21	HEARING		
3/22	COMMITTEE REPORT-BILL CONCURRED		
3/23	2ND READING CONCURRED	88	2
3/26	3RD READING CONCURRED	98	1
	RETURNED TO SENATE		
3/30	SIGNED BY PRESIDENT		
4/02	SIGNED BY SPEAKER		
4/05	TRANSMITTED TO GOVERNOR		
4/10	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 406 EFFECTIVE DATE: 10/01/85		

SB 451 INTRODUCED BY MAZUREK
 PROVIDES FOR THE FAIR AND PROPER TREATMENT OF CRIME
 VICTIMS AND WITNESSES

2/19	INTRODUCED		
2/20	REFERRED TO JUDICIARY		
2/21	HEARING		
2/23	COMMITTEE REPORT-BILL PASS AS AMENDED		
2/26	2ND READING PASS	49	0
2/27	3RD READING PASS	50	0
	TRANSMITTED TO HOUSE		
3/06	REFERRED TO JUDICIARY		
3/25	HEARING		
3/25	COMM REPORT-BILL CONCURRED AS AMENDED		
3/30	2ND READING CONCURRED	92	2
4/01	3RD READING CONCURRED	100	0
	RETURNED TO SENATE WITH AMENDMENTS		
4/03	2ND READING AMENDMENTS CONCURRED	50	0
4/05	3RD READING AMENDMENTS CONCURRED	45	0
4/12	SIGNED BY PRESIDENT		
4/15	SIGNED BY SPEAKER		
4/15	TRANSMITTED TO GOVERNOR		
4/19	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 554 EFFECTIVE DATE: 10/01/85		

SB 452 INTRODUCED BY ECK, BARDANOUVE, COHEN, ET AL.
 EMPLOYEE AND COMMUNITY HAZARDOUS CHEMICAL
 INFORMATION ACT

2/19	INTRODUCED		
2/20	REFERRED TO LABOR & EMPLOYMENT RELATIONS		
2/20	FISCAL NOTE REQUESTED		
2/21	HEARING		
2/23	COMMITTEE REPORT-BILL PASS AS AMENDED		
2/26	FISCAL NOTE RECEIVED		
2/26	2ND READING PASS	49	0
2/27	3RD READING PASS	50	0

SENATE BILL NO. 450

INTRODUCED BY CHRISTIAENS, NORMAN, STEPHENS, THAYER, FULLER

IN THE SENATE

February 20, 1985	Introduced and referred to Committee on Business and Industry.
February 22, 1985	Committee recommend bill do pass as amended. Report adopted.
February 23, 1985	Bill printed and placed on members' desks.
February 26, 1985	Second reading, do pass. Considered correctly engrossed.
February 27, 1985	Third reading, passed. Ayes, 47; Noes, 3. Transmitted to House.

IN THE HOUSE

March 7, 1985	Introduced and referred to Committee on Business and Labor.
March 22, 1985	Committee recommend bill be concurred in. Report adopted.
March 23, 1985	Second reading, concurred in.
March 26, 1985	Third reading, concurred in. Returned to Senate.

IN THE SENATE

March 26, 1985	Received from House.
March 27, 1985	Sent to enrolling. Reported correctly enrolled.

1 *Senate* BILL NO. *450*
 2 INTRODUCED BY *Christiana Norman STEPHENS*
 3 *Blaylock, Fuller*

4 A BILL FOR AN ACT ENTITLED: "AN ACT INCLUDING CONSUMER LOAN
 5 LICENSEES IN THE DEFINITION OF "REGULATED LENDER"; EXEMPTING
 6 CONSUMER LOAN LICENSEES FROM USURY LIMITS; AMENDING SECTIONS
 7 31-1-111, 32-5-103, 32-5-301, 32-5-303, 32-5-322, 32-5-501,
 8 AND 32-5-506, MCA."
 9

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 11 Section 1. Section 31-1-111, MCA, is amended to read:
 12 "31-1-111. Definition of regulated lender. The term
 13 "regulated lenders" as used in 31-1-112 means:
 14 (1) a bank, building and loan association, savings and
 15 loan association, trust company, credit union, credit
 16 association, consumer loan licensee, development
 17 corporation, or bank holding company organized pursuant to
 18 state or federal statutory authority and subject to
 19 supervision, control, or regulation by:
 20 (a) an agency of the state of Montana; or
 21 (b) an agency of the federal government;
 22 (2) a subsidiary of an entity described in subsection
 23 (1);
 24 (3) a Montana state agency or a federal agency that is
 25 authorized to lend money;

1 (4) a corporation or other entity established by
 2 congress or the state of Montana that is owned, in whole or
 3 in part, by the United States or the state of Montana and
 4 that is authorized to lend money."

5 Section 2. Section 32-5-103, MCA, is amended to read:
 6 "32-5-103. Engaging in business of making loans
 7 restricted. (1) No person shall engage in the business of
 8 making loans or advances of money on credit in any amount
 9 and contract for, charge, or receive directly or indirectly
 10 on or in connection with any such loan or advance any
 11 charges, whether for interest, compensation, consideration,
 12 or expense, ~~which in the aggregate are greater than those~~
 13 ~~provided by 31-1-107(i),~~ except as provided in and
 14 authorized by this chapter. Except as provided in subsection
 15 (2), a person doing business under the authority of this
 16 state or the United States relating to banks, trust
 17 companies, savings or building and loan associations, credit
 18 unions, or a person engaged in business as a licensed
 19 pawnbroker or any person who shall extend credit in
 20 connection with the sale of a commodity shall not become a
 21 licensee under this chapter nor shall any of the provisions
 22 of this chapter apply to any such exempted person.

23 (2) A licensee may sell its business and assets to a
 24 bank, building and loan association, savings and loan
 25 association, trust company, credit union, credit

1 association, development credit corporation, or bank holding
 2 company organized pursuant to state or federal statutory
 3 authority and subject to supervision, control, or regulation
 4 by an agency of the state of Montana or an agency of the
 5 federal government. All contracts for loans and all other
 6 contracts entered into by the licensee pursuant to the
 7 provisions of this chapter that are sold and transferred to
 8 an acquiring organization continue to be governed by the
 9 provisions of this chapter.

10 (3) The provisions of subsection (1) shall apply to
 11 any person who seeks to evade its applications by any
 12 device, subterfuge, or pretense whatsoever.

13 (4) Any contract of loan in the making or collection
 14 of which any act shall have been done which violates
 15 subsection (1) of this section shall be void, and the lender
 16 shall have no right to collect, receive, or retain any
 17 principal, interest, or charges whatsoever."

18 Section 3. Section 32-5-301, MCA, is amended to read:

19 "32-5-301. Charges, refunds, penalties, filing fees.

20 (1) Every licensee or holder of a supplementary license
 21 hereunder may contract for and receive on any loan of money
 22 not-exceeding-\$17,000-in-principal-amount:

23 {a}--charges-at-rates-not-in-excess-of-\$20-per-year-per
 24 \$100-on-that-part-of-the-principal-amount-of--the--loan--not
 25 exceeding-\$500;

1 {b}--\$16--per--year--per--\$100--on--that--part--of--the
 2 principal--amount--of--the--loan--exceeding--\$500--but---not
 3 exceeding---\$17,000 interest charges as provided under
 4 31-1-112.

5 {2}--The-holder-of-a-supplementary-license-may-contract
 6 for-and-receive-charges-at-rates-authorized-for-licensees-in
 7 subsection-{1}-for-the-first-\$1,000-of-the-principal--amount
 8 of--any--loan--and--may--contract-for-and-receive-charges-at
 9 rates-not-in-excess-of-\$12-per-year-per-\$100-on-that-part-of
 10 the-principal-amount-of-any-loan-exceeding--\$17,000--but--not
 11 exceeding-\$7,500;

12 {3}{2} Charges in (1) and-{2} shall be computed at the
 13 applicable rates on the full, original principal amount of
 14 the loan from the date of the loan to the due date of the
 15 final scheduled installment irrespective of the fact that
 16 the loan is payable in installments. Said charges shall be
 17 added to the principal of the loan and shall not be
 18 discounted or deducted therefrom or paid or received at the
 19 time the loan is made. For the purpose of computing charges
 20 for a fraction of a month, a day shall be considered
 21 one-thirtieth of a month.

22 {4}--On--loans-of-\$90-or-less-a-licensee-may-charge,-in
 23 lieu-of-charges-specified-in-{1}-of--this--section,-not--in
 24 excess--of--\$1-for-each-\$5-of-cash-or-credit-advanced-to-the
 25 borrower-up-to-the-amount-of-\$90.-A-period-of--at--least--15

~~days--must--be--allowed--for--the--repayment--of--each--\$5--cash--or
credit--advanced--Such--charges--cannot--be--assessed--by--any
subterfuge--or--device--on--any--loan--over--\$90--or--on--any--balance
of--\$90--or--less--when--the--original--loan--was--greater--than--\$90--~~

~~{5}{3}~~ (a) When any loan contract, new loan, renewal, or otherwise for a period of not more than 61 months is paid in full by cash 1 month or more before the final installment date, the licensee shall refund or credit the borrower with that portion of the total charges which shall be due the borrower as determined by schedules prepared under the rule of 78ths or sum of the digits principle as follows: the amount of the refund or credit shall be as great a proportion of the total charges originally contracted for as the sum of the consecutive monthly balances of the contract scheduled to follow the date of prepayment bears to the sum of all the consecutive monthly balances of the contract, both sums to be determined according to the payment schedule originally contracted for.

(b) When any loan contract, new loan, renewal, or otherwise for a period of more than 61 months is paid in full by cash 1 month or more before the final installment date, the licensee shall refund or credit the borrower with that portion of the total charges that is due the borrower that is applicable to all fully unexpired months in the contract as originally scheduled or, if deferred, as

deferred, following the date of prepayment. For this purpose the applicable charge is the charge which would have been earned for that contract if charges had not been precomputed, by applying to the unpaid principal balance, by the actuarial method, the annual percentage rate disclosed pursuant to federal law, based on the assumption that all payments were made as originally scheduled. For all loans that may be subject to this section, charges are computed initially in the same manner used to determine the annual percentage rate.

~~{6}{4}~~ If the contract so provides, the additional charge for any amount past due according to the original terms of the contract, whether by reason of default or extension agreement, may be 5% of the amount past due, and said amount may be charged once and no more.

~~{7}{5}~~ (a) The licensee may include in the principal amount of any loan the actual fees paid a public official or agency of the state for filing, recording, or releasing any instrument securing the loan.

(b) The licensee may include in the principal amount of any loan bona fide charges related to real estate security and paid to third parties, including:

(i) fees or premiums for title examination, title insurance, or similar purposes, including survey;

(ii) fees for preparation of a deed, settlement

1 statement, or other documents;

2 (iii) fees for notarizing deeds and other documents;

3 (iv) appraisal fees;

4 (v) fees for credit reports; and

5 (vi) fees paid to a trustee for release of a trust
6 deed.

7 ~~(8)~~(6) No further or other charges shall be directly
8 or indirectly contracted for or received by any licensee
9 except those specifically authorized by this chapter. No
10 licensee shall divide into separate parts any contract made
11 for the purpose of or with the effect of obtaining charges
12 in excess of those authorized by this chapter. All balances
13 due to a licensee from any person as a borrower or as an
14 endorser, guarantor, or surety for any borrower or otherwise
15 or due from any husband or wife, jointly or severally, shall
16 be considered a part of any loan being made by a licensee to
17 such person for the purpose of computing interest or
18 charges. If any amount in excess of the charges permitted by
19 this chapter is charged, contracted for, and received,
20 except as the result of an accidental and bona fide error of
21 computation, the licensee shall have no right to collect or
22 receive any charges.

23 ~~(9)~~--On any loan of money exceeding \$7,500 in principal
24 amount, a licensee may not make charges as provided in
25 subsections (1) and (2) but shall make charges in accordance

1 with the provisions of this subsection through subsection

2 ~~(12)~~;

3 ~~(10)~~--On any loan of money exceeding \$7,500 in principal
4 amount, a licensee may contract and receive charges at a
5 rate not in excess of 2% per month on the principal amount
6 as follows:

7 (a)--Charges shall be computed on unpaid balances of
8 the principal amount outstanding from time to time for the
9 actual time outstanding; Each payment shall be applied
10 first to accumulated charges and the remainder of the
11 payment applied to the unpaid principal balance, except that
12 if the amount of the payment is insufficient to pay the
13 accumulated charges, unpaid charges continue to accumulate
14 to be paid from the proceeds of subsequent payments and are
15 not added to the principal balance;

16 (b)--Charges made under this subsection may not be
17 payable in advance or compounded; However, if part or all of
18 the consideration for a new loan contract is the unpaid
19 principal balance of a prior loan, the principal amount
20 payable under such new loan contract may include any unpaid
21 charges which have accrued; The resulting loan contract is a
22 new and separate loan transaction for all purposes; The
23 principal balance of a prior loan on which charges have been
24 made pursuant to subsections (1) and (2) is the balance due
25 after refund or credit is given to the borrower pursuant to

1 subsection-(5)-

2 {11}-For--purposes--of-computing-charges-for-a-fraction
3 of-a-month,-a-day-is-considered-one-thirtieth-of-a-month-

4 {12}-The-provisions-of-subsections-(5)-and-(6)--do--not
5 apply-to-loans-made-under-subsections-(9)-through-(11)-

6 {13}-The--amounts--of--\$907-\$5007-\$170007-and-\$77500-in
7 subsections-(1)-,-(2)-,-(4)-,-(9)-,-and--(10)--are--subject--to
8 change--pursuant-to-the-provisions-of-32-5-104-on-adjustment
9 of-dollar-amounts-"

10 Section 4. Section 32-5-303, MCA, is amended to read:

11 "32-5-303. Borrower to receive copy of contract or
12 statement of contents. At the time the loan is made, there
13 will be delivered to the borrower, or if there be two or
14 more borrowers to one of them, the disclosures required by
15 the Federal Consumer Credit Protection Act, a copy of the
16 loan contract, or a written statement in the English
17 language showing in clear and distinct terms:

18 (1) the name and address of the lender and of one of
19 the borrowers or a maker of the loan;

20 (2) the date of the loan contract;

21 (3) the schedule of installments or description
22 thereof;

23 (4) the principal amount of the loan excluding
24 charges;

25 (5) the rate or amount of charges as the contract may

1 provide;

2 (6) the amount collected or paid out for each kind of
3 insurance, if any;

4 (7) the amount collected or paid out for filing and
5 other fees as allowed in 32-5-301{7}{5};

6 (8) the collateral or security for the loan including
7 all other accommodation or other joint makers (comakers);

8 (9) that the borrower may prepay the loan in whole or
9 in part at any time during a licensee's regular business
10 hours and, in case the charges have been added to the
11 principal of the loan, that such charges are subject to the
12 refund requirements of 32-5-301{5}{3} if such loan is
13 prepaid in full."

14 Section 5. Section 32-5-322, MCA, is amended to read:

15 "32-5-322. Deferral charge -- rate. The deferral
16 charge for a 1-month period may not exceed an amount equal
17 to the difference between the refund which would be required
18 for prepayment in full under subsection {5}{3} of 32-5-301
19 as of the scheduled due date of the first deferred
20 installment and the refund which would be required for
21 prepayment in full as of 1 month prior to such date. A
22 proportionate charge may be made for deferrals for periods
23 of more or less than 1 month. A deferral charge is earned
24 pro rata on a daily basis during the deferral period and is
25 fully earned on the last day of the deferral period. Should

1 a loan be prepaid during a deferral period the licensee
 2 shall make or credit to the borrower a pro rata refund of
 3 the unearned deferral charge in addition to any refund or
 4 credit made pursuant to subsection ~~(5)~~(3) of 32-5-301."

5 Section 6. Section 32-5-501, MCA, is amended to read:

6 "32-5-501. Open-end loans. (1) A holder of a
 7 supplementary license may make open-end loans and may
 8 contract for and receive charges ~~at a rate not in excess of~~
 9 ~~the rate set forth in 32-5-301(10)~~, as allowed under
 10 31-1-112, on unpaid balances outstanding from time to time
 11 for the actual time outstanding.

12 (2) A holder of a supplementary license may not
 13 compound charges by adding any unpaid charges authorized by
 14 this section to the unpaid principal balance of the
 15 borrower's account; however, the unpaid principal balance
 16 may include the fees paid to third parties as authorized by
 17 32-5-504 and by 32-5-301~~(7)~~(5)."

18 Section 7. Section 32-5-506, MCA, is amended to read:

19 "32-5-506. Provisions not applicable. The provisions
 20 of subsections ~~(5)~~(3) and ~~(6)~~(4) of 32-5-301 and the
 21 provisions of 32-5-304 do not apply to open-end loans."

22 NEW SECTION. Section 8. Extension of authority. Any
 23 existing authority of the department of commerce to make
 24 rules on the subject of the provisions of this act is
 25 extended to the provisions of this act.

1 NEW SECTION. Section 9. Saving clause. This act does
 2 not affect rights and duties that matured, penalties that
 3 were incurred, or proceedings that were begun before the
 4 effective date of this act.

-End-

SENATE BUSINESS & INDUSTRY COMMITTEE

COMMITTEE MEMBERS

1985

Senator Mike Halligan, Chairman	Senator Chris Christiaens, Vice-Pres.
Senator Paul Boylan	Senator Allen Kolstad
Senator Dave Fuller	Senator Ted Neuman
Senator Delwyn Gage	Senator Gene Thayer
Senator Pat Goodover	Senator Bob Williams

Senator Cecil Weeding

Carol Duval, Committee Secretary	Mary McCue, Legislative Council
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MONTANA LEGISLATIVE COUNCIL BILL STATUS SYSTEM
FINAL COMMITTEE REPORT OF REFERRED BILLS
COMMITTEE--(S) BUSINESS & INDUSTRY

SENATE

PAGE NBR..... 169
RUN TIME18:07
RUN DATE.... 04/29/85

CHAIRMAN--HALLIGAN, MIKE
NORMAL SCHEDULE==> SITE: ROOM 410

DAYS: M-TU-W-TH-F

TIME: 10:00 A.M.-12 NOON

SECRETARY-DUVAL, CAROL

--BILL NO--	REFER DATE	HEARING DATE	CONSIDERATION DATES	COMMITTEE ACTION	REREFERRED TO COMM	DATE OUT
SB0425	2/15	2/18	2/18 2/21 3/05 3/11 3/14	DO PASS		3/14
NEUMAN, TED			CREATING AGRICULTURAL INVESTMENT FUND WITH ALLOCATION OF COAL TAX TRUST			
SB0426	2/15	2/18	2/18 2/21 3/05 3/11 3/14	PASS AS AMENDED		3/14
NEUMAN, TED			ASSESSMENT ON AGRICULTURE PRODUCTS TO FUND G.O. BOND FOR LOAN GUARANTY			
SB0428	2/16	2/21	2/22	TABLED		2/22
CHRISTIAENS, B.F. CHRIS			CONTROLS LIQUEFIED PETROLEUM AND INDUSTRIAL GAS CONTAINERS			
SB0438	2/16	2/22		PASS AS AMENDED		2/22
TOWE, THOMAS E.			CHANGES ELIGIBILITY FOR BEGINNING FARMER LOANS AND REDUCES BOND AUTHORITY			
SB0442	3/20					
BROWN, BOB			INCREASING CIGARETTE TAX TO EQUALIZE FINANCING OF SCHOOL DIST. RETIRE. LEVY			
SB0445	2/18	2/22		TABLED		2/22
CHRISTIAENS, B.F. CHRIS			EXEMPT CERTAIN NONPROFIT ORGANIZATIONS FROM CERTAIN GAMBLING LAWS			
SB0450 ✓	2/20	2/22		PASS AS AMENDED		2/22
CHRISTIAENS, B.F. CHRIS			CONSUMER LOAN LICENSEES INCLUDED AS REGULATED LENDERS			
SJ0002	1/07	1/14	1/14 1/17	ADVERSE REPORT		1/17
LYBECK, RAY			JOINT RESOLUTION REQUESTING EMPLOYEE- OWNED BUSINESSES GET GRANT PRIORITY			
SJ0030			2/14			
CHRISTIAENS, B.F. CHRIS			HONORING RURAL ELECTRIFICATION ADMINISTRATION ON FIFTIETH ANNIVERSARY			
SJ0030	2/25	2/25		DO PASS		2/25
CHRISTIAENS, B.F. CHRIS			HONORING RURAL ELECTRIFICATION ADMINISTRATION ON FIFTIETH ANNIVERSARY			
SJ0036	3/29	4/02		DO PASS		4/2
SMITH, ED B.			RESOLUTION CALLING FOR REPEAL OF U.S. CARGO PREFERENCE ACT			

MINUTES OF THE MEETING
BUSINESS & INDUSTRY COMMITTEE
MONTANA STATE SENATE

February 22, 1985

The 28th meeting of the Business & Industry Committee met at 10 a.m. on February 22 in Room 410 of the Capitol Building. The meeting was called to order by Chairman Mike Halligan.

ROLL CALL: All committee members were present except for Senator Neuman who was excused.

CONSIDERATION OF SENATE BILL 423: Senator Mike Halligan, Senate District 29 of Missoula is the chief sponsor of this bill. He explained the purpose of the bill is to deal with the delayed funds availability policy of financial institutions. The focus of the bill is to shorten the time that financial institutions can hold a check before crediting it to an account. He referred to a study that had been done by MontPirg which dealt with the problems that have been incurred because of checks being delayed. He explained that different banks have much different policies regarding checks.

PROPONENTS: Julie Dalsoglio, representing MONTPIRG, a non-profit, non-partisan research group, stated the study they conducted found there was a great deal of inconsistency in the length of time that a bank holds customer's checks before crediting them to their account. Delays cause inconvenience in getting access to funds and causes hardships for some, especially those with limited incomes. She submitted a letter from Mrs. Marcie Anderson of Missoula who had experienced difficulties with a disability check she receives monthly. (EXHIBIT 1) She further explained many university students have had problems too. She stated the banks state the reason it takes so long is because it takes that length of time to clear a check and for their own protection but she felt this was not sufficient reasons for the delays that are occurring. This measure would set mandated clearing times for checks, allow exceptions to the clearing time when a bank would not receive provisional credit within three days and require a notice of check hold policies be sent to all customers. (EXHIBIT 2)

OPPONENTS: Robert McNellis, Vice-President of the Federal Reserve Bank of Minneapolis and Managing Officer for the Helena branch, spoke in opposition of the bill. He explained he had had ten years of experience with the Helena branch and explained the process that is involved in getting full and final collection on a check. There might be a wide variety of reasons for a check being delayed such as distance between institutions, transportation delays, equipment failure, power failures, missorting by computer, etc. He gave the committee two samples of the step by step process that is involved in transfers. (EXHIBIT 3) He stated the schedule contained in Senate Bill 423 does not reflect the actual time of collection of most items nor allow for problems with a check. Les Alke, representing the Montana Bankers Association, explained there are several myths

He noted there is a provision in the bill for dealing with new accounts for background checks.

CONSIDERATION OF SENATE BILL 445: Senator Chris Christiaens, Senate District 17, Cascade County, explained this bill will exempt nonprofits and civic organizations from certain gambling laws and rules. This was patterned after a North Dakota non-profit gaming law. He explained it addresses amounts of money that can be paid out, and that non-profits can retain up to 1/2 of the value of the prizes for their benefit.

PROPONENTS: There were no proponents.

OPPONENTS: Bob Durkee, from the Montana Tavern Association opposes this bill because it discriminates against their tax-paying business establishments which are denied these same privileges. (EXHIBIT 7) Kathy Campbell, representing the Montana Council of Churches, was concerned about special treatment for non-profits. The way she understood the bill, the license would have to be obtained from the Secretary of State and the local governments would be losing control. She could see a potential for abuse of the law and urged its defeat.

Questions were then called for. Senator Gage asked Senator Christiaens if there were any restrictions on card games and bingo on the amount that could be paid out and was told there was not. Senator Christiaens was approached by some local organizations such as the Elks in Great Falls to draft this legislation. He explained there is a provision that on sports pools there is a limit of \$1 per ticket and \$100 limit. Senator Goodover wondered about the licensing requirements. He felt the way it was drafted the local authorities would lose the control they have had. Senator Christiaens then closed the hearing on Senate Bill 445.

CONSIDERATION OF SENATE BILL 450: Senator Christiaens, Senate District 17, Cascade County, explained his bill was brought about because of the omission of including consumer loan firms from being exempted from usuary laws that were passed in 1983. It would expand the law to include some of the consumer loan firms so they would be governed the same as other financial institutions.

PROPONENTS: Jerry Loerndorf, representing the Montana Consumer Finance Corporation, stated this bill puts Montana's consumer loan companies in the same position as all other regulated banks in the state. Consumer loans used to be a high risk category and they would like to be able to package them the same way other institutions are able to. He explained the bill would require one amendment to make it apply only to loans on which charges are made on an interest-bearing basis.

OPPONENTS: There were no opponents.

Questions were then called for from the committee. Senator Halligan asked why consumer loan licensees were excluded last session from this legislation and Jerry Loerndorf explained it was just an oversight. Senator Christiaens closed by stating he felt consumer loan firms should be under the same rules and regulations as others and urged its passage.

DISPOSITION OF SENATE BILL 428: Senator Christiaens stated he had reservations about this bill concerning who would fall under the regulations and would like more research done before legislation is passed. Senator Williams then moved to TABLE Senate Bill 428. The motion carried.

DISPOSITION OF SENATE BILL 450: Senator Thayer moved to ADOPT the amendments to Senate Bill 450 which would insert language to add a new subsection 7 and would apply only to loans on which charges are made on an add-on basis and not apply to loans on which charges are made on an interest-bearing basis. The motion carried. Senator Thayer then moved to PASS AS AMENDED Senate Bill 450. The motion carried. (EXHIBIT 8)

CONSIDERATION OF SENATE BILL 438: Senator Tom Towe, Senate District 46, Billings, explained this bill fine tunes the beginning farmers bill passed last session. The program was made largely ineffective due to federal regulations that went into effect after the measure was passed. They want to put the \$250,000 net worth in the evaluation section of the bill into the qualification section which is necessary for federal rules. They want the applicant's inability to get credit anywhere stricken so that one would not have to prove his inability to be able to obtain credit. On page 4 they would like to strike \$200 million and insert \$40 million so that the total amount of bonds outstanding at any one time may not exceed \$40 million. (EXHIBIT 9) He felt the \$200 million was just not necessary.

PROPOSERS: Michael Murphy, Administrator of the Department of Agriculture, speaking for Keith Kelly, Director, supports the passage of Senate Bill 438 with the proposed amendment concerning the bonding limit. He feels this is a much more realistic limit to assure the excellent bond rating now enjoyed. (EXHIBIT 10)

Questions were then called for. There were none. The hearing was closed on Senate Bill 438.

DISPOSITION OF SENATE BILL 438: Senator Christiaens then moved TO PASS the amendments proposed by Senator Towe regarding the striking of the \$200 and the insertion of \$40 million. The motion carried. Senator Weeding then moved TO PASS AS AMENDED Senate Bill 438. The motion carried.

BUSINESS & INDUSTRY

COMMITTEE

49th LEGISLATIVE SESSION -- 1985

Date 2/22/85SENATE
SEAT

NAME	PRESENT	ABSENT	EXCUSED
Chairman Halligan	X		
V-chrm. Christiaens	X		
Senator Boylan	X		
Senator Fuller			X
Senator Gage	X		
Senator Goodover	X		
Senator Kolstad	X		
Senator Neuman			/
Senator Thayer	X		
Senator Williams	X		
Senator Weeding	X		

Each day attach to minutes.

(To be kept current -- post bills when entering being heard or leaving committee.)

Form CS-32

STATUS SHEET

49TH

LEGISLATIVE SESSION

HOUSE

COMMITTEE ON BUSINESS AND LABOR

<u>SENATE</u> BILL NO.	<u>ENTERED</u> COMM.	<u>DATE</u> CONSIDERED	<u>OUT OF</u> COMM.	<u>DO PASS</u> DATE	<u>DO NOT</u> PASS DATE	<u>DO PASS</u> AS AMEND. DATE	<u>BE CON-</u> CURRED IN DATE	<u>BE CONC. IN</u> AS AMENDED DATE	<u>BE NOT CON-</u> CURRED IN DATE
409	3-7	3-22/3-28	3-28				3-28		
423	3-7	3-26	3-26				3-26		
438	3-7	3-25	3-25					3-25	
440	3-7	3-22/3-27 3-28	3-28				3-28		
446	3-7	3-19/3-20	3-20					3-20	
447	3-7	3-22/3-28	3-28				3-28		
450 ✓	3-7	3-21	3-21				3-21		
452	3-7	3-19/3-20 3-29	3-29	TABLED AS AMENDED			(SUBCOMMITTEE)		

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MINUTES OF THE MEETING
BUSINESS AND LABOR COMMITTEE
MONTANA STATE
HOUSE OF REPRESENTATIVES

March 21, 1985

The meeting of the Business and Labor Committee was called to order by Chairman Bob Pavlovich on March 21, 1985 at 8:00 a.m. in Room 312-2 of the State Capitol.

ROLL CALL: All members were present with the exception of Representative Norm Wallin, who was excused by the chairman.

SENATE BILL 450: Hearing commenced on Senate Bill 450. Senator Chris Christiaens, District #17, sponsor of the bill, explained this expands the definition of "regulated lenders" to include consumer loan licenses and exempts those licensees from the usury limits.

Proponent Jerry Loendorf, representing the Montana Consumer Finance Association, stated lenders are subject to and regulated by both federal and state government. Financial institutions currently package loans with numerous fees and consumer loans may do the same. State and federal government have deregulated lenders so they may compete. Bank holding companies are also deregulated. Senate Bill 450 puts consumer loans on an even basis with other lending institutions.

Representative Driscoll asked Jerry Loendorf what the maximum interest is that can be charged in Montana. Mr. Loendorf explained that there is no limit.

There being no further discussion by proponents and no opponents present, all were excused by the chairman and the hearing on Senate Bill 450 was closed.

SENATE BILL 239: Hearing commenced on Senate Bill 239. Senator Ray Lybeck, District #4, sponsor of the bill, stated this revises the law on future advances under a mortgage to allow the total amount secured to decrease or increase but the total secured may never exceed the face amount of the mortgage plus interest.

Proponent Julie Begler, representing the Montana Bankers Association and a loan officer at Norwest Bank in Helena, explained that banks charge for all services and Senate Bill 239 will extend the line of credit for five years.

There being no further discussion by proponents and no

must purchase a bond and Senate Bill 250 will still provide for public protection, we should allow the realtors to set up their own system.

There being no further discussion by proponents or opponents, all were excused by the chairman and the hearing on Senate Bill 250 was closed.

SENATE BILL 323: Hearing commenced on Senate Bill 323. Senator Tom Hager, District #48, sponsor of the bill, by request of the Board of Professional Engineers and Land Surveyors, stated this revises the occupational licensing law in regard to engineers and land surveyors.

Proponent Maurice Guay, a member of the board of professional engineers and land surveyors, stated this is a housekeeping bill. Mr. Guay explained and went through the bill with the committee, commenting on the reason for the changes.

Proponent Robert S. Custer, representing the Montana Association of Registered Land Surveyors, offered his support of the bill.

Representative Schultz asked Senator Hager what the difference between a registered and professional engineer is. Senator Hager explained they are one in the same.

Representative Glaser asked Sonny Hanson if the provision in Section 5 means all officers in a corporation must be registered, professional engineers. Mr. Hanson explained that no, this means the plans and drawing signed as an individual must have the corporate stamp.

Representative Glaser asked Mr. Hanson if a mother and father helped a son set up a shop, must they be engineers to do so. Mr. Hanson stated they need not be engineers and the son would be responsible.

There being no further discussion by proponents and no opponents present, all were excused by the chairman and the hearing on Senate Bill 323 was closed.

ACTION ON SENATE BILL 239: Representative Kitselman moved DO PASS on Senate Bill 239. Second was received, Senate Bill 239 will BE CONCURRED IN by unanimous vote.

ACTION ON SENATE BILL 450: Representative Simon moved DO PASS ON Senate Bill 450. Second was received, Senate Bill 450 will BE CONCURRED IN by unanimous vote.

DAILY ROLL CALL
BUSINESS AND LABOR COMMITTEE

49th LEGISLATIVE SESSION -- 1985

Date March 21, 1985

NAME	PRESENT	ABSENT	EXCUSED
Bob Pavlovich	✓		
Les Kitselman	✓		
Bob Bachini	✓		
Ray Brandewie	✓		
Jan Brown	✓		
Jerry Driscoll	✓		
Robert Ellerd	✓		
William Glaser	✓		
Stella Jean Hansen	✓		
Marjorie Hart	✓		
Ramona Howe	✓		
Tom Jones	✓		
Mike Kadas	✓		
Vernon Keller	✓		
Lloyd McCormick	✓		
Jerry Nisbet	✓		
James Schultz	✓		
Bruce Simon	✓		
Fred Thomas	✓		
Norm Wallin			✓

VISITORS' REGISTER

BUSINESS AND LABOR

COMMITTEE

BILL NO. Senate Bill 450DATE March 21, 1985SPONSOR Senator Christiaens

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
DENNIS L. GREEN	KALISPELL, MT	✓	
Paul S. Brooks	CASCADE, MT	✓	
Douglas De Haan	Portland, Oregon	✓	
Joe Irwin	Groat Falls, MT	✓	
J. T. Zuerich	Helena, MT	✓	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

STANDING COMMITTEE REPORT

March 21

85

19.....

MR. SPEAKER.....

We, your committee on BUSINESS AND LABOR.....

having had under consideration SENATE..... Bill No. 450

third reading copy (blue)
color

CONSUMER LOAN LICENSES INCLUDED AS REGULATED LENDERS

Respectfully report as follows: That..... SENATE..... Bill No. 450

~~DOPASSX~~
BE CONCURRED IN

SENATE BILL NO. 450

INTRODUCED BY CHRISTIAENS, NORMAN,
STEPHENS, THAYER, FULLER

A BILL FOR AN ACT ENTITLED: "AN ACT INCLUDING CONSUMER LOAN
LICENSEES IN THE DEFINITION OF "REGULATED LENDER"; EXEMPTING
CONSUMER LOAN LICENSEES FROM USURY LIMITS; AMENDING SECTIONS
31-1-111, 32-5-103, 32-5-301, 32-5-303, 32-5-322, 32-5-501,
AND 32-5-506, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 31-1-111, MCA, is amended to read:

"31-1-111. Definition of regulated lender. The term
"regulated lenders" as used in 31-1-112 means:

(1) a bank, building and loan association, savings and
loan association, trust company, credit union, credit
association, consumer loan licensee, development
corporation, or bank holding company organized pursuant to
state or federal statutory authority and subject to
supervision, control, or regulation by:

(a) an agency of the state of Montana; or

(b) an agency of the federal government;

(2) a subsidiary of an entity described in subsection
(1);

(3) a Montana state agency or a federal agency that is

authorized to lend money;

(4) a corporation or other entity established by
congress or the state of Montana that is owned, in whole or
in part, by the United States or the state of Montana and
that is authorized to lend money."

Section 2. Section 32-5-103, MCA, is amended to read:

"32-5-103. Engaging in business of making loans
restricted. (1) No person shall engage in the business of
making loans or advances of money on credit in any amount
and contract for, charge, or receive directly or indirectly
on or in connection with any such loan or advance any
charges, whether for interest, compensation, consideration,
or expense, ~~which-in-the-aggregate-are-greater-than-those~~
~~provided-by-31-1-107(1)~~, except as provided in and
authorized by this chapter. Except as provided in subsection
(2), a person doing business under the authority of this
state or the United States relating to banks, trust
companies, savings or building and loan associations, credit
unions, or a person engaged in business as a licensed
pawnbroker or any person who shall extend credit in
connection with the sale of a commodity shall not become a
licensee under this chapter nor shall any of the provisions
of this chapter apply to any such exempted person.

(2) A licensee may sell its business and assets to a
bank, building and loan association, savings and loan

association, trust company, credit union, credit association, development credit corporation, or bank holding company organized pursuant to state or federal statutory authority and subject to supervision, control, or regulation by an agency of the state of Montana or an agency of the federal government. All contracts for loans and all other contracts entered into by the licensee pursuant to the provisions of this chapter that are sold and transferred to an acquiring organization continue to be governed by the provisions of this chapter.

(3) The provisions of subsection (1) shall apply to any person who seeks to evade its applications by any device, subterfuge, or pretense whatsoever.

(4) Any contract of loan in the making or collection of which any act shall have been done which violates subsection (1) of this section shall be void, and the lender shall have no right to collect, receive, or retain any principal, interest, or charges whatsoever."

Section 3. Section 32-5-301, MCA, is amended to read:

"32-5-301. Charges, refunds, penalties, filing fees.

(1) Every licensee or holder of a supplementary license hereunder may contract for and receive on any loan of money not-exceeding-\$17,000-in-principal-amount:

(a)--charges-at-rates-not-in-excess-of-\$20-per-year-per \$100-on-that-part-of-the-principal-amount-of--the--loan--not

exceeding-\$500;

(b)--\$16--per--year--per--\$100--on--that--part--of--the principal--amount--of--the--loan--exceeding--\$500--but--not exceeding--\$17,000 interest charges as provided under 31-1-112.

(2)--The-holder-of-a-supplementary-license-may-contract for-and-receive-charges-at-rates-authorized-for-licensees-in subsection-(1)-for-the-first-\$17,000-of-the-principal--amount of--any--loan--and--may--contract-for-and-receive-charges-at rates-not-in-excess-of-\$12-per-year-per-\$100-on-that-part-of the-principal-amount-of-any-loan-exceeding--\$17,000--but--not exceeding-\$7,500-

(3)(2) Charges in (1) and (2) shall be computed at the applicable rates on the full, original principal amount of the loan from the date of the loan to the due date of the final scheduled installment irrespective of the fact that the loan is payable in installments. Said charges shall be added to the principal of the loan and shall not be discounted or deducted therefrom or paid or received at the time the loan is made. For the purpose of computing charges for a fraction of a month, a day shall be considered one-thirtieth of a month.

(4)--On--loans-of-\$90-or-less-a-licensee-may-charge-in lieu-of-charges-specified-in-(1)-of--this--section,--not--in excess--of--\$1-for-each-\$5-of-cash-or-credit-advanced-to-the

1 borrower-up-to-the-amount-of-\$90-A-period-of--at--least--15
 2 days--must--be--allowed-for-the-repayment-of-each-\$5-cash-or
 3 credit-advanced--Such-charges--cannot--be--assessed--by--any
 4 subterfuge--or-device-on-any-loan-over-\$90-or-on-any-balance
 5 of-\$90-or-less-when-the-original-loan-was-greater-than--\$90-

6 {5}(3) (a) When any loan contract, new loan, renewal,
 7 or otherwise for a period of not more than 61 months is paid
 8 in full by cash 1 month or more before the final installment
 9 date, the licensee shall refund or credit the borrower with
 10 that portion of the total charges which shall be due the
 11 borrower as determined by schedules prepared under the rule
 12 of 78ths or sum of the digits principle as follows: the
 13 amount of the refund or credit shall be as great a
 14 proportion of the total charges originally contracted for as
 15 the sum of the consecutive monthly balances of the contract
 16 scheduled to follow the date of prepayment bears to the sum
 17 of all the consecutive monthly balances of the contract,
 18 both sums to be determined according to the payment schedule
 19 originally contracted for.

20 (b) When any loan contract, new loan, renewal, or
 21 otherwise for a period of more than 61 months is paid in
 22 full by cash 1 month or more before the final installment
 23 date, the licensee shall refund or credit the borrower with
 24 that portion of the total charges that is due the borrower
 25 that is applicable to all fully unexpired months in the

1 contract as originally scheduled or, if deferred, as
 2 deferred, following the date of prepayment. For this purpose
 3 the applicable charge is the charge which would have been
 4 earned for that contract if charges had not been
 5 precomputed, by applying to the unpaid principal balance, by
 6 the actuarial method, the annual percentage rate disclosed
 7 pursuant to federal law, based on the assumption that all
 8 payments were made as originally scheduled. For all loans
 9 that may be subject to this section, charges are computed
 10 initially in the same manner used to determine the annual
 11 percentage rate.

12 {6}(4) If the contract so provides, the additional
 13 charge for any amount past due according to the original
 14 terms of the contract, whether by reason of default or
 15 extension agreement, may be 5% of the amount past due, and
 16 said amount may be charged once and no more.

17 {7}(5) (a) The licensee may include in the principal
 18 amount of any loan the actual fees paid a public official or
 19 agency of the state for filing, recording, or releasing any
 20 instrument securing the loan.

21 (b) The licensee may include in the principal amount
 22 of any loan bona fide charges related to real estate
 23 security and paid to third parties, including:

24 (i) fees or premiums for title examination, title
 25 insurance, or similar purposes, including survey;

(ii) fees for preparation of a deed, settlement statement, or other documents;

(iii) fees for notarizing deeds and other documents;

(iv) appraisal fees;

(v) fees for credit reports; and

(vi) fees paid to a trustee for release of a trust deed.

~~(8)~~(6) No further or other charges shall be directly or indirectly contracted for or received by any licensee except those specifically authorized by this chapter. No licensee shall divide into separate parts any contract made for the purpose of or with the effect of obtaining charges in excess of those authorized by this chapter. All balances due to a licensee from any person as a borrower or as an endorser, guarantor, or surety for any borrower or otherwise or due from any husband or wife, jointly or severally, shall be considered a part of any loan being made by a licensee to such person for the purpose of computing interest or charges. If any amount in excess of the charges permitted by this chapter is charged, contracted for, and received, except as the result of an accidental and bona fide error of computation, the licensee shall have no right to collect or receive any charges.

(7) SUBSECTIONS (2), (3), AND (6) OF THIS SECTION APPLY ONLY TO LOANS ON WHICH CHARGES ARE MADE ON AN ADD-ON

BASIS AND DO NOT APPLY TO LOANS ON WHICH CHARGES ARE MADE ON AN INTEREST-BEARING BASIS.

~~(9)--On any loan of money exceeding \$7,500 in principal amount, a licensee may not make charges as provided in subsections (1) and (2) but shall make charges in accordance with the provisions of this subsection through subsection (12).~~

~~(10)--On any loan of money exceeding \$7,500 in principal amount, a licensee may contract and receive charges at a rate not in excess of 2% per month on the principal amount as follows:~~

~~(a)--Charges shall be computed on unpaid balances of the principal amount outstanding from time to time for the actual time outstanding. Each payment shall be applied first to accumulated charges and the remainder of the payment applied to the unpaid principal balance, except that if the amount of the payment is insufficient to pay the accumulated charges, unpaid charges continue to accumulate to be paid from the proceeds of subsequent payments and are not added to the principal balance.~~

~~(b)--Charges made under this subsection may not be payable in advance or compounded. However, if part or all of the consideration for a new loan contract is the unpaid principal balance of a prior loan, the principal amount payable under such new loan contract may include any unpaid~~

1 charges-which-have-accrued-The-resulting-loan-contract-is-a
 2 new-and-separate-loan--transaction--for--all--purposes--The
 3 principal-balance-of-a-prior-loan-on-which-charges-have-been
 4 made--pursuant-to-subsections-(1)-and-(2)-is-the-balance-due
 5 after-refund-or-credit-is-given-to-the-borrower-pursuant--to
 6 subsection-(5);

7 (11)-For--purposes--of-computing-charges-for-a-fraction
 8 of-a-month,a-day-is-considered-one-thirtieth-of-a-month;

9 (12)-The-provisions-of-subsections-(5)-and-(6)--do--not
 10 apply-to-loans-made-under-subsections-(9)-through-(11);

11 (13)-The--amounts--of--\$907-\$5007-\$17,0007-and-\$77500-in
 12 subsections-(1)-(2)-(4)-(9)--and--(10)--are--subject--to
 13 change--pursuant-to-the-provisions-of-32-5-104-on-adjustment
 14 of-dollar-amounts;"

15 Section 4. Section 32-5-303, MCA, is amended to read:

16 "32-5-303. Borrower to receive copy of contract or
 17 statement of contents. At the time the loan is made, there
 18 will be delivered to the borrower, or if there be two or
 19 more borrowers to one of them, the disclosures required by
 20 the Federal Consumer Credit Protection Act, a copy of the
 21 loan contract, or a written statement in the English
 22 language showing in clear and distinct terms:

23 (1) the name and address of the lender and of one of
 24 the borrowers or a maker of the loan;

25 (2) the date of the loan contract;

1 (3) the schedule of installments or description
 2 thereof;

3 (4) the principal amount of the loan excluding
 4 charges;

5 (5) the rate or amount of charges as the contract may
 6 provide;

7 (6) the amount collected or paid out for each kind of
 8 insurance, if any;

9 (7) the amount collected or paid out for filing and
 10 other fees as allowed in 32-5-301+(7)(5);

11 (8) the collateral or security for the loan including
 12 all other accommodation or other joint makers (comakers);

13 (9) that the borrower may prepay the loan in whole or
 14 in part at any time during a licensee's regular business
 15 hours and, in case the charges have been added to the
 16 principal of the loan, that such charges are subject to the
 17 refund requirements of 32-5-301+(5)(3) if such loan is
 18 prepaid in full."

19 Section 5. Section 32-5-322, MCA, is amended to read:

20 "32-5-322. Deferral charge -- rate. The deferral
 21 charge for a 1-month period may not exceed an amount equal
 22 to the difference between the refund which would be required
 23 for prepayment in full under subsection +(5)(3) of 32-5-301
 24 as of the scheduled due date of the first deferred
 25 installment and the refund which would be required for

1 prepayment in full as of 1 month prior to such date. A
 2 proportionate charge may be made for deferrals for periods
 3 of more or less than 1 month. A deferral charge is earned
 4 pro rata on a daily basis during the deferral period and is
 5 fully earned on the last day of the deferral period. Should
 6 a loan be prepaid during a deferral period the licensee
 7 shall make or credit to the borrower a pro rata refund of
 8 the unearned deferral charge in addition to any refund or
 9 credit made pursuant to subsection ~~(5)~~(3) of 32-5-301."

10 Section 6. Section 32-5-501, MCA, is amended to read:

11 "32-5-501. Open-end loans. (1) A holder of a
 12 supplementary license may make open-end loans and may
 13 contract for and receive charges ~~at a rate not in excess of~~
 14 ~~the rate set forth in 32-5-301(10)~~, as allowed under
 15 31-1-112, on unpaid balances outstanding from time to time
 16 for the actual time outstanding.

17 (2) A holder of a supplementary license may not
 18 compound charges by adding any unpaid charges authorized by
 19 this section to the unpaid principal balance of the
 20 borrower's account; however, the unpaid principal balance
 21 may include the fees paid to third parties as authorized by
 22 32-5-504 and by 32-5-301~~(7)~~(5)."

23 Section 7. Section 32-5-506, MCA, is amended to read:

24 "32-5-506. Provisions not applicable. The provisions
 25 of subsections ~~(5)~~(3) and ~~(6)~~(4) of 32-5-301 and the

1 provisions of 32-5-304 do not apply to open-end loans."

2 NEW SECTION. Section 8. Extension of authority. Any
 3 existing authority of the department of commerce to make
 4 rules on the subject of the provisions of this act is
 5 extended to the provisions of this act.

6 NEW SECTION. Section 9. Saving clause. This act does
 7 not affect rights and duties that matured, penalties that
 8 were incurred, or proceedings that were begun before the
 9 effective date of this act.

-End-